

Health Savings Account (HSA)

Administered by Rocky Mountain Reserve

An HSA is available for those enrolling in either the Kaiser or Aetna HDHP/HSA plans. An HSA is a savings account where tax-free or tax-deductible deposits are made to pay for qualified medical expenses. The funds can be used to pay for eligible expenses today or can be saved for future expenses. It is owned by the participant and allows funds build up for future needs. The maximum amount that can be deposited in 2017 is \$3,400 for an individual and \$6,750 for families as defined by the IRS. In addition to favorable tax treatment, there are many advantages to opening and funding an HSA. Any adult can contribute to an HSA if the following requirements are met:

- ✦ Have coverage under an HSA qualified "High Deductible Health Plan" (HDHP)
- ✦ You must not be eligible to be claimed as a dependent on another person's tax return
- ✦ Are NOT covered by any other health plan that is not another HDHP
- ✦ Are not enrolled in Tricare
- ✦ Are not enrolled in ANY portion of Medicare (Remember that Part A of Medicare is generally automatic once you turn age 65). Scenarios include:
 - Employee on Medicare / Spouse NOT on Medicare – **HSA cannot be established**, but full FSA can be used instead
 - Employee & Spouse BOTH on Medicare – **HSA cannot be established**, but full FSA can be used instead
 - Employee NOT on Medicare / Spouse on Medicare – **HSA can be opened**, and family contribution limits are allowed (plus catch-up). HSA can be used to reimburse spouse expenses.

Contributions to an HSA can be made by both the City and you. City of Englewood will match your HSA contribution dollar for dollar up to \$50 per pay period which totals up to \$1,300 for the 2017 plan year. However, the total contributions are limited annually. For 2017, maximum contributions are as follows:

	Maximum HSA Contribution	Maximum City Contribution	Maximum You Can Contribute
	2017	2017	2017
Individual	\$3,400	\$1,300	\$2,100
Family	\$6,750	\$1,300	\$5,450
Catch-Up Contribution	\$1,000	N/A	\$1,000

Know the Fine Print:

- ✦ Expenses must be incurred by the participant and/or eligible dependents.
- ✦ Only eligible expenses can be reimbursed under the plan. Eligible expenses are defined by Internal Revenue Code §213(d) and generally include items intended to treat specific medical conditions.
- ✦ Ineligible disbursements will be taxed and a 20% penalty will apply.
- ✦ Expenses for general well-being such as cosmetic surgery are not eligible for reimbursement.
- ✦ The funds in an HSA are always 100% vested. Participants keep the HSA even if they: change employment, change medical coverage, become unemployed, retire or move to another state.
- ✦ Unlike other medical spending accounts, HSA funds remain in the account year to year. There are no "use it or lose it" rules for HSAs.
- ✦ HSAs are compatible with a "Limited Purpose FSA" for dental and vision expenses only. This enables participants to take full advantage of pretax benefits and maximize savings.
- ✦ The funds in this account can be invested. Interest in the account grows tax-free.
- ✦ Individuals who are 55 or older and covered under a high deductible health plan are eligible for an additional \$1,000 catch-up contribution. In general, catch-up contributions for a spouse must be made into a separate HSA account opened in the name of the spouse.